



ANN HRAYCHUCK
STATE REPRESENTATIVE

October 11, 2007

**Testimony of Rep. Ann Hraychuck
Before the Assembly Committee on Tourism, Recreation and State Properties
Regarding Assembly Bill 379**

Good morning, Chairman Kaufert and committee members. I appreciate the opportunity to provide you with information about Assembly Bill 379.

I was asked to introduce Assembly Bill 379 by the City of St. Croix Falls because I am their State Representative.

Assembly Bill 379 would give the City of St. Croix Falls the ability to hold a referendum asking voters if they support becoming a "premier resort area" and thus increasing the sales tax in the City by one-half percent. The purpose of the premier resort tax is defined in state statutes that it be used to generate revenue for infrastructure improvements such as roads, bridges, sewer and water facilities, recreational facilities, fire fighting equipment, and police vehicles.

This legislation was modeled after the language in Chapter 66 of the state statutes for the villages of Sister Bay and Ephraim.

Unfortunately, a representative from the City is unable to attend today's hearing. However, I have put together a packet of information from the City, including written testimony from Mayor Brad Foss, the City Administrator, Ed Emerson, and a copy of the resolution passed unanimously by the St. Croix Falls City Council in favor of the city becoming a Premier Resort Tax Area.

I'll take a moment and read Mayor Foss' testimony.

Thank you for your consideration. Please do not hesitate to contact me or the City of St. Croix Falls with any questions you may have about the proposal.



City of Saint Croix Falls

710 Highway 35 South -- St. Croix Falls, WI 54024 -- Phone (715) 483-3929 -- Fax (715) 483-1618

October 10, 2007

TO: State Representative Ann Hrachuk
FROM: Brad Foss, Mayor, City of Saint Croix Falls
RE: Resort Area Sales Tax

Attached is a Resolution dated February 12, 2007 and approved by the Saint Croix Falls City Council that advocates for a Resort Area Sales Tax as a method to reduce property taxes. The Resolution is subtitled: The Property Tax Reduction Act and received unanimous endorsement of the City Council --- a group comprising a broad political spectrum.

We advocate for a right to place before our citizens a referendum to implement the one-half cent sales tax for multiple reasons:

1. The City is clearly a tourist based economy. We have three visitors centers, a state park and a nationally designated scenic riverway. We have a great number of visitors who place stress upon our infrastructure. The resort area tax would allow us to capture revenue from these visitors to replace this infrastructure -- instead of placing the burden upon local tax payers.
2. The resort area tax would allow us to reduce our local property tax and would have a direct economic development benefit in that it would make property taxes more akin to neighboring Minnesota -- allowing us to compete for industry on a more even playing field.
3. We support local initiatives and local control.
4. The City would qualify under state statutes to implement the tax if not for the hundreds of acres of state and federally owned non-taxable land that is located within prime riverfront areas of our community. Our local taxpayers should not, in essence, be subsidizing this non-taxable property.

The City of Saint Croix Falls is a leader among all Wisconsin communities in reducing the local property tax. Our mill rate has been reduced from \$8.19 per thousand to \$5.18 per thousand in the past five years. This has amounted to a net annual tax savings – reduction of \$229.14 for the averaged valued household. Because our mill rate is so low we no longer qualify for the expenditure restraint program. The Resort Area Tax will allow us to further reduce the property tax and mill rate.

I apologize for not being able to attend today's hearing. As you know, we are some five hours from Madison. It is rather difficult to leave work to travel to our State Capitol. I trust that you will allow our local citizens to voice their support or objection to implementation of such a tax at referendum. There can be no greater element of local control than a direct vote of the citizens.

Sincerely,



Brad Foss
Mayor

RESOLUTION NO. 07 - 03

A RESOLUTION ADVOCATING FOR AMENDING STATE STATUE 66.1113 (2) TO ALLOW FOR AN IMPLEMENTATION OF A PREMIER RESORT AREA TAX (½ CENT SALES TAX) TO REDUCE PROPERTY TAXES IN THE CITY OF SAINT CROIX FALLS -- The Property Tax Reduction Act --

WHEREAS: The City Council has heard repeated complaints about raising property taxes and has had discussions with residents about ideas to reduce the general property tax, and

WHEREAS: The City had compiled a paper "Of Booms, Bubbles and Taxes" that identifies raising property values and increases in State equalized value as the primary cause of increased tax burden, and

WHEREAS: The City has reduced its mill rate from \$8.19 per thousand in 2003 to \$5.18 per thousand in 2007 but such reduction for many residents is insufficient in keeping pace with raising property vales, and

WHEREAS: The City Council did authorize pursuing implementation of a ½ cent sales tax as a means to reduce the general property tax, and

WHEREAS: The City has received an estimate from the State Department of Revenue that implementation of a ½ cent sales tax would generate \$400,000 or more in revenue (based on the percentage of commercial property and the \$2.4 million in ½ cent county sales taxes collected), and

WHEREAS: The total city tax levy for 2007 is \$814,000 -- meaning that the sales tax could reduce the citizens property tax in half, from \$5.18 per thousand to \$2.59 per thousand, approximate, (a \$177,500 home would have property tax payments reduced from \$919.80 to \$459.72 -- a savings of approximately \$460.00), and

WHEREAS: The State does allow for 'tourist related communities' to impose a ½ cent sales tax that is known as 'Premier Resort Area Tax' but such criteria is based on percentage of 'built-up' tourism related development, such as the Wisconsin Dells, and

WHEREAS: Such statutory language prevents communities such as Saint Croix Falls from generating tourism related dollars because Saint Croix Falls attracts tourism based upon preservation of natural resources instead of 'kitschy' built-up development, even as Saint Croix Falls suffers an similar tourism related wear and tear upon roads and infrastructure, and

WHEREAS :Saint Croix Falls does have a significant of its land in tourism related (and mostly non-taxable) recreational uses, including Interstate Park lands, National Park Service lands, Department of Natural Resources lands including the Fish Hatchery, lands along the river owned by X-Cel Energy, Ice-Age Trail Foundation Lands, and preservation lands transferred to city ownership, with such set-aside acreage totaling more than 1000 acres of in-city land (450 acre Simonson Bluffland, 120 acre Zillmer Park and Mindy Creek – former Ice-Age Trail Foundation Lands – 76 acre Reigal Park – former Nature Conservancy lands – 200 acres of in-city Interstate Park lands, approximately 60 acres of County Fairgrounds lands, approximately 40 acres of National Park and X-Cel Energy controlled land, and an 80 acre golf-course, and

WHEREAS: The City is a tourism based community as testified by the location of the Polk County Tourism Information Center, and the City also serves as the hub community for the nearby cabin and lakes related tourism industry, and also serves as the 'heart' of the Saint Croix Wild & Scenic River, and

WHEREAS: Saint Croix Falls should not be penalized or restricted from imposition of a Premier Resort Area Tax simply because it has chosen to preserve its resources as a tourism related market draw instead of encouraging the creation of water-parks and similar 'built-up' tourism draws, and

WHEREAS: The City, being host to state, federal, county and other preservation and tourist related lands should not be penalized or restricted from imposition of a Premier Resort Area tax as the off-shoot of these uses is the welcome presence of travelers and visitors who, while stimulating the local economy, also cause wear and tear to city infrastructure and result in a strain on city resources including police, fire, and streets, and

WHEREAS: The basic intent of the Premier Resort Area Tax is to allow for such tourism related communities to offset the cost of such services by allowing for a small ½ cent sales tax and was not to restrict or penalize preservation minded tourism communities, and

WHEREAS: Implementation of a ½ cent sales tax should not impact other taxing jurisdictions nor should it impact development or spending in the area – and in fact would likely generate additional sales as at least a percentage of local citizens would spend the annual tax savings (\$460.00) within the local economy, and

WHEREAS: Implementation of the ½ cent sales tax would also have a direct economic development benefit in that it would make the property tax more akin to neighboring Minnesota and allow for attracting Minnesota business and job creating investments, and

NOW THEREFORE BE IT RESOLVED: The City Council, having fully examined the issue does hereby call upon its local state representatives to work diligently and faithfully to amend the Premier Resort Area Tax, State Statue 66.1113, to allow specifically for

Saint Croix Falls to impose such as sales tax as a direct means of reducing the local tax burden, (and also as an economic development stimulus) and

BE IT ALSO RESOLVED: The City shall authorize the Mayor and City Administrator to speak to this issue in written form or with direct testimony in Madison as such amendment changes be placed before State Legislative committees, and shall consider a community lobby day in Madison if such is warranted, and

BE IT ALSO RESOLVED: The City Council trusts that local State Representatives, being cognizant of the need to reduce the property tax, shall recognize this as a unique albeit locally isolated method of direct property tax reduction and we hereby encourage local elected officials to advocate for this State Statutory change as both a means to reduce the property tax and also respecting local control, and

BE IT FINALLY RESOLVED: The City Council hereby commits to apply all revenue generated from the sales tax directly to lowering and reducing the general property tax of its citizens.

ADOPTED THIS 12 DAY OF Feb. 2007

CITY OF SAINT CROIX FALLS

Brad Foss
Brad Foss, Mayor

Bonitta Leggitt
Bonitta Leggitt, City Clerk



City of Saint Croix Falls

710 Highway 35 South ~ St. Croix Falls, WI 54024 ~ Phone (715) 483-3929 ~ Fax (715) 483-1618

October 3, 2007

TO: State Representative Ann Hraychuck
FROM: Ed Emerson, City Administrator
City of Saint Croix Falls
RE: Resort Area Sales tax

The City is advocating for the Resort Area Sales Tax for the following reasons:

1. More than thirty-three percent of in-city land is held in tourism related preserve. If such lands were taxable property the city would qualify for the resort area tax without requiring authorization.
2. The non-taxable tourist related land includes land owned by the National Park Service including its recently completed \$5 million St. Croix National Scenic Riverway Visitors Center and Headquarters as well as federal lands along the riverway; land owned by the Department of Natural Resources including approximately 240 acres associated with Interstate Park, including its north campground; land owned by Polk County including almost 100 acres to house the Polk County Fairgrounds; a 450 acre tract of river bluff land recently secured by the West Wisconsin Land Trust; over 140 acres of land transferred to the City by the Ice-Age Trail Foundation that secures an off-road terminus segment of the Ice-Age Scenic Trail; a 90 acre parcel of rock outcropping purchased in 1991 by the Nature Conservancy and transferred to the City – now housing the Gandy Dancer and Interlink Trail systems; land owned by X-Cel Energy near the city Overlook Deck that houses the hydro-electric dam, and the city-owned and operated Festival Theatre building – a professional theatre company housed in a vaudeville area building listed on the National Register of Historic Places;
3. These non-taxable lands are all tourist related bringing visitors to canoe, boat or fish the federally designated Wild & Scenic Saint Croix Riverway,

experience the Dalles of the Saint Croix River, camp at Interstate Park or visit the Ice-Age Trail Visitors Center, (Wisconsin's first State Park), hike, bike or snow-mobile tens of miles of trail segments including the Ice-Age Scenic Trail, the Gandy Dancer Trail and the Inter-link Trail systems, or visit the National Park Service Visitors Center (30,000 visitors each year), or the Polk County Tourist Information Center.

4. This load of visitors to the community cause wear and tear on city roads and stress on city services. Recent examples of city infrastructure costs directly tied to tourism related lands and facilities include:
 - a. Storm water and road improvements at the intersection of the Polk County Fairgrounds including installation of new storm water inlets, construction of a storm water detention pond, and new road resurfacing;
 - b. Maintenance and upkeep of trailhead parking lot areas and the trails themselves;
 - c. Trail extensions connecting the Saint Croix Scenic Riverway Visitors Center to the City Overlook Deck including burial of overhead powerlines;
 - d. New police vehicle and hiring of a police officer. More than fifty percent of police calls are related to non-resident visitors;
 - e. Parking lot and building maintenance to the Polk County Tourist Information Center;
 - f. Upgrades and maintenance to the city-owned Festival Theatre building including a \$50,000 master plan study;

In conclusion, the City feels allowing its citizens the right to vote at referendum to install a resort area sales tax is fair, equitable and reasonable. Once again, if non-taxable tourist related property were included under the law the city would qualify outright for the resort area tax. As a community that is home to the first State Park in Wisconsin, one of the first river systems designated under the Wild & Scenic Rivers Act, and three visitors centers, (The Ice-Age Trail Interpretive Center in Interstate Park, the National Park Service Riverway Center and the Polk County Information Center), as well as many other amenities, including a network of trail systems and the terminus of the Federal Ice-Age Trail system, we are obviously a tourism related community.

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